

US EXECUTIVE APPROVAL FORM

CUSTOMER NAME: Vtech Communications - OSO Opportunity Number: 965611 965611

PARTNER/VAD NAME: N/A

SECTION I - Approval Requests:

HQAPP Requests:

1. Applications Component Model (March 7 Price Book): Store = 25% - plus 69.67% - total 94.67% --
2. Price Hold for 2 years at same or lower discount (75 to 80%) for programs on this order plus RAC — min 50k net order
3. Technical Support Cap: Cap support uplift at 0% for 3 yrs (2 renewals)
4. customer definition as approved by oracle legal:

The term "Customer" for purposes of this Agreement shall include Vtech Communications and the following wholly or majority owned subsidiaries of Vtech Communications' parent corporation, _____ [name] _____:

(1) Vtech Electronic Learning, (2) Vtech Telecommunications, (3) Vtech Electronics and (4) Vtech Engineering, provided that Vtech Communications warrants: (A) that it has the power and/or authority to enforce the compliance of each of the foregoing named subsidiaries with the terms of the Agreement and Ordering Document and (B) that Vtech Communications shall be responsible for any breach of such terms by such subsidiaries. In consideration of the foregoing warrants, such named subsidiaries shall also be granted the rights and duties of Customer under the Agreement.

TIER 1 Requests:

- 1.

TIER 2/3 Requests:

1. Majority Owned Subs – (>50%) without exhibit – Customer warrants it has authority to bind subs and will be responsible for any breach

Previously approved requests (include date of approval):

- 1.
- 2.

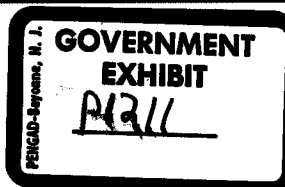
SECTION II – Deal Summary:

Deal Summary	
Programs	Oracle Database- EE, IAS, IDS, order mgt, advanced pricing, sales online, telesales, quoting, istore, incentive comp, configurator, customers online, customer data librarian, <u>Oracle Service</u> : teleservice, isupport, depot repair, service contracts, <u>Oracle Interaction Center</u> : advanced inbound, advanced outbound, scripting, email center
License Discount	94.67% (25% Store + 69.67%)
Support Discount	94.67 % (25% Store + 69.67%)
Comp & Admin Discount	N/A
Phased Implementation for Comp & Admin?	N/A
Subset of Users	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO
Support Options/Holds	
Price Holds	Hold price for 2 years on above products + RAC

8/17/2003 v.1

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CONFIDENTIAL



ORCL-EDOC-00362448

List License	\$6,806,125
List Support	\$1,497,348
List Comp & Admin	N/A
Net License	\$362,766
Net Support	\$ 79,809
Net Comp & Admin	N/A
Net Total Price	\$442,575
Price List Used	March 7, 2003 (Quoted before changes in component model)

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	N/A
Date of Price List for price hold	N/A
When does price hold expire?	N/A
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	N/A
Name of Agreement if applicable	N/A

SECTION III - Justification:

Vtech Communications is the US Subsidiary of Vtech Holdings in Hong Kong. Vtech Holdings in Hong Kong is in the process of negotiating a large global deal with Oracle for Vtech Holdings.

Due to intense competitive pressure in Hong Kong from SAP, Oracle in Hong Kong has provided indicative price quotes to Vtech Holdings based on a 94.442% discount in order to stay in the deal against SAP.

Vtech is the largest consumer electronic manufacturer in Hong Kong with revenue of USD 1 B. Vtech in Hong Kong runs Oracle Financials and other legacy ERP systems like BPCS, CIIM, QAD among different divisions. Oracle Hong Kong has been selling to this account to migrate all legacy applications to Oracle for several years. However, SAP, with the objective of penetration into our installed base, is very aggressive in its license pricing. SAP has traditionally been extremely aggressive on license pricing in ASIA. SAP has indicated an offer of USD 5M for both license and services to Vtech for the global deal. Vtech has required Oracle to match SAP's offer to stay in the deal in Hong Kong. After many rounds of negotiation in Hong Kong, Oracle has managed to convince Vtech to accept a slightly higher total price from Oracle, which is USD 6M for both license and services. In order to meet this USD 6M level, the Oracle Hong Kong team has indicated a 94.442% license and support discount for the Applications in order to stay in the game. They are trying to close the deal at this discount. However, in order to reserve some buffer to deal with additional price pressure from SAP and further negotiation with the customer, Oracle Hong Kong has asked for a 97% as the worst case scenario.

The Oracle team in the US has engaged with Vtech Communications, here in Beaverton Oregon since December of 2002 on the evaluation of CRM Solution for US requirements. This is an extremely competitive CRM selection process where we are competing head to head against Peoplesoft (Vantive CRM) for the CRM business in the US. This selection process has involved an extensive and formal RFP process, complete requirements analysis, a high number of detailed and custom product demonstrations, and technical architecture reviews. The US evaluation is for CRM and has separate business drivers, separate decision makers and a different competitive landscape from the deal in Hong Kong, however the Vtech teams in the US and Hong Kong do communicate often. Oracle in the US has now gained acceptance by Vtech US selection team after a long fierce battle with Peoplesoft, and is favored for the CRM solution in the US assuming we can agree on price.

Vtech Holdings in Hong Kong is still considering the global deal with Oracle, however Oracle is under intense pricing pressure from SAP on the global deal and no clear decision has been made. Further, the timing of the global is uncertain as they are asking Oracle and SAP to participate in a head to head eBid using Free Market to manage the bid. This bid process is going to take time and creates uncertainty regarding the outcome.

Now, the US business unit, Vtech Communications has decided it must act on a faster time frame than Vtech Holdings is on, and has asked Oracle to provide a local US only contract for the US CRM requirements. Vtech Communications (US) knows the price point that was offered by Oracle in Hong Kong for the global deal. They have indicated that if we can deliver the same price point here in the US, they will move forward immediately with the contract in the US. This move should help the effort in Hong Kong, and the Oracle Hong Kong team is in agreement with our approach here in the US.

Further our competition in the US, Peoplesoft has offered their "company revenue" license model to Vtech Communications (US), which is a "enterprise" license model based on the annual revenue of the company. Vtech Communications has a very broad set of CRM requirements including advanced telephony integration and call center applications, but is a relatively small business based on annual revenue. Therefore, the Oracle quote is very large due to the number of application modules required to cover the functional scope required by Vtech. Where Peoplesoft is providing an all in "enterprise license" number based on total company revenue. We know that Peoplesoft's price for the US CRM requirements is slightly lower than Oracle price, even with the 94.442% discount. However, the CIO and COO of Vtech Communications in the US have told us, that if we can provide pricing equivalent to that of the Vtech Holding global offer, we will win the US CRM business. Vtech Communications has told us they have the authority to contract locally and would like to purchase these licenses in the US immediately.

Therefore, in the US we are asking for approval for a 94.67% discount approval to close the CRM business in the US. We will only offer the 94.442 initially as per the offer in Hong Kong. However, we are asking for the 94.67% discount to cover any last minute push by Peoplesoft and to ensure we close this business in our fiscal year.

This win would represent a great competitive win against Peoplesoft (Vantive) in Call Center CRM Applications. Vtech is well known name in consumer electronics and will be a strong reference for Oracle CRM in the US.

Price Holds:

The issue of price holds has been a significant issue in the price discussions as Vtech Communications is very concerned that if Oracle must discount drastically to meet the Peoplesoft price point, they do not want their incremental license costs to be exorbitant over the next two years when they expect to add additional incremental modules and users. They want assurance that they will be able to add additional users and modules at a reasonable price point over the next two years. We will propose a price hold discount of between 75% and 80% based on the approval requested of Price Hold at same or higher for two years.

Recommendation: *(leave blank for HQAPP to fill out)*

Submitted By: *Tim O'Toole – Regional Manager*

R: *(leave blank for HQAPP to fill out)*

C:

L:

A:

BP:

PLEASE NOTE THAT HQAPP WILL NOT REVIEW ANYTHING BELOW AND NOTHING BELOW WAS CONSIDERED FOR THEIR APPROVAL. ONLY DETAILS IN THE REQUEST SECTION (SECTION I) ABOVE WERE CONSIDERED IN THE APPROVAL GRANTED.

SECTION V – Ordering Document Details**Instructions - Fill in all sections completely.****APPROVAL REQUIREMENTS** - Refer to the Approval Matrix at <http://esource.oraclecorp.com>**PRICING REQUIREMENTS** – Refer to Price List and Price List Supplement for minimums and prerequisites.**PRICING SPREADSHEET** – Include a pricing spreadsheet showing all products, quantities, license types, pricing, and discounts. Indicate if discount for drafting contract differs from approved discount.**MIGRATIONS** - If your deal contains a migration, you must submit a Migration Worksheet to the ELM (eBusiness License Migrations) team. Refer to <http://nafo.us.oracle.com> under the Contract Management tab and e-Business License Migrations header to download the spreadsheet and for additional information.**Note: All business approvals & quotes are valid through the quarter they were approved, unless a formal RFP or Tender requires a longer validity period.**

General Information	
Contract requested by (insert date): After all approvals are obtained - Allow 24 hours for standard contracts and 48 hours for non-standard contracts.	4/29/03
Opportunity I.D. (OSO Number):	965611
Is this a ship order?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Deal Structure (indicate Direct, Pass-Through, Sublicense, or Trial License):	Direct
Is this deal the result of a compliance issue that LMS has been involved in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does deal contain new licenses with an <i>approved</i> non-supported license type (i.e. metric is not nor ever has been on Oracle's price list):	<input type="checkbox"/> Yes (specify non-supported license type and eBusiness license type used to determine conversion) <input checked="" type="checkbox"/> No
Quote Valid Through (insert date):	May 16, 2003
Partner (insert name, if applicable)?	Margin or % of net license fees _____
VAD (insert name, if applicable)?	Margin or % of net license fees _____
PARTNER PAYMENT: If this is a direct deal, does it involve a Partner Referral Fee?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, specify payment type:	<input type="checkbox"/> Applications Affiliate Fee <input type="checkbox"/> ROP Fee (<i>GB Use Only</i>)
MIGRATIONS OR UPDATES:	Yes <input checked="" type="checkbox"/> No
PREMIUM SERVICES:	Yes <input checked="" type="checkbox"/> No
INCIDENT PACKS:	Yes <input checked="" type="checkbox"/> No
INTERNATIONAL: Requires an International Notification Form to be forwarded to your manager, contract specialist, and NASINFO or OGEHINFO.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Payment Terms:	Xx Net 30 Other (Specify) _____
Referenced Agreement:	<input checked="" type="checkbox"/> New OLSA Other (Specify) _____

Customer and Administrative Information – all fields must be filled in	
Customer's EXACT Legal Name:	Vtech Communications, Inc.
Business Address:	9590 Sw Gemini Drive, Suite 120
City / State / Zip:	Beaverton, OR 97008
Customer Contract Admin:	John Lou
Phone #:	503-644-9887
Fax #:	503-644-9887
E-mail ID:	jlou@vtechphones.com
Billing Contact:	John Lou
(Partner/VAD if Indirect):	
Address:	9590 Sw Gemini Drive, Suite 120
City / State / Zip:	Beaverton, OR 97008
Phone #:	503-644-9887
Fax #:	503-644-9887
E-mail ID:	jlou@vtechphones.com
Tax Status :	Exempt ____ (Need certificate for ship to state if not on Oracle's Tax Exemption Log)
	Non-Exempt ____
Shipping Contact:	Colin Luther
Address:	9590 Sw Gemini Drive, Suite 120
City / State / Zip:	Beaverton, OR 97008
Phone #:	503-644-9887
Fax #:	503-644-9887
E-mail ID:	jlou@vtechphones.com
Technical Support Contact:	Colin Luther
Address:	Same
City / State / Zip:	
Phone #:	
Fax #:	
Email ID:	
Partner Name (Indirect):	
Address:	
City / State / Zip:	
Contact Admin:	
Phone #:	
Fax #:	
E-mail ID:	

Education (EPPC)	
Education Prepaid Credit Amount:	\$ <u>N/A</u>
Education Discount:	<u> </u> %
Education Revenue:	\$ <u> </u>
Education Sales Rep:	

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PROCESSOR/NAMED USER PROGRAMS/COMPUTER PROGRAMS (REQUIRED INFORMATION)

Make and Operating System required for each program:

Make: Redhat

OS: Linux

PROGRAMS: (See Spreadsheet Attached)

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Applications		
Will applications be modified:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Will users be accessing modified Apps from the web:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Have all prerequisites been included:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Will users use Fast Forward RPM:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Will applications be hosted:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Indicate database that Apps will run on:	Oracle Database Included in Quote	
Indicate CSI for existing prerequisite database and tools:		

Options not requiring HQAPP, Tier 1, or Tier 2 Approval	
(1)	
(2)	
(3)	
(4)	

Internal Administrative Information	
Applications Sales Manager	Tim O'Toole
Technology Sales Manager	Joe Kalisweski
Account Manager	Tim O'Toole
iSD Rep	Caryn Bleile
Education Sales Rep	Victor Miller
Support Renewals Rep	Ann Vick
Premium Support Rep	
Migrations Manager	
Is there a teaming agreement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Requester:	Name: Tim O'Toole Business Telephone: 503-220-5120 Cell Phone: 503-490-178